

## FACT SHEET

### THE U.S.-JAPAN ECONOMIC PARTNERSHIP FOR GROWTH

President George W. Bush and Prime Minister Junichiro Koizumi announced today the launch of the U.S.-Japan Economic Partnership for Growth, a cooperative mechanism through which the two countries will tackle a wide range of global, regional, and bilateral economic and trade issues. The Partnership is aimed at promoting sustainable economic growth by focusing on sound macroeconomic policies, structural and regulatory reform, financial and corporate restructuring, foreign direct investment, and open markets.

The Partnership, which marks a new stage in US-Japan economic relations, is based on the shared premise that sustained economic growth and prosperity can best be achieved through the development of an open, dynamic market with sound macroeconomic policies and a healthy financial sector. The Partnership sets up a new structure for engagement that better reflects the importance that each country places on the other as a principal ally and our largest overseas trading partner. It will lead to an even greater integration of the two largest economies in the world.

As a new and important feature, the private sector will be an integral part of the two governments' work throughout the initiative. Private sector participation will help stimulate creative solutions to the economic and trade challenges facing both countries and the world, as well as nurture stronger private sector and public support for pro-reform policies.

The Partnership will consist of a senior-level forum, which will include meetings with a private sector/government commission. In addition, four groups will be launched to address regulatory reform and competition policy, foreign investment, finance, and trade.

An informal, senior-level *U.S.-Japan Subcabinet Economic Dialogue* will meet annually to set the overall tone of the economic relationship and deal with the full range of global, regional, and bilateral economic and trade issues facing the United States and Japan. For example, the group will address macroeconomic and structural challenges facing our economies, deal with key outstanding bilateral trade and economic issues, and cooperate on common goals in multilateral and regional economic bodies, such as the World Trade Organization, the G-8, and the Asia Pacific Economic Cooperation (APEC).

The United States and Japan will form a new *Private Sector/Government Commission* to better integrate private sector views and recommendations into the two governments' work. Private sector participants from leading industries in the United States and Japan will meet with senior government officials to offer their recommendations on the complex issues facing the two countries. The Commission's membership and agenda will adapt over time to meet pressing economic and trade issues.

Complementing Japan's ambitious reform goals, the Regulatory Reform and Competition Policy Initiative will expand our ongoing bilateral work to deregulate, bolster competition, and open markets in Japan. It will address sectoral issues, such as telecommunications, information technologies, energy, and medical devices and pharmaceuticals. The Initiative will also address cross-cutting issues such as anti-trust enforcement, business facilitation and government transparency.

The Investment Initiative aims at improving the environment for foreign direct investment, underscoring the role that investment plays in stimulating competition, supporting corporate restructuring, and boosting employment. The group will discuss ways to promote mergers and acquisitions, labor mobility, and land liquidity, which are also key areas of interest to Japanese corporations confronted with the need to restructure.

The Financial Dialogue will focus on financial and macroeconomic issues. This group's first order of business will be finding ways to tackle Japan's debt problem without undermining the healthy parts of Japan's economy or impeding global economic growth. The group will also promote financial and corporate sector reforms in consultation with key private sector representatives from foreign and domestic financial and other firms, associations and experts.

Recognizing the ongoing importance of sectoral trade issues, the two governments will create a Trade Forum for engagement on a broad range of sectoral trade issues. The Forum will also serve as an "early warning" mechanism to facilitate resolution of emerging trade problems.